

CSI ALPHA FUND SERIES

- CSI China – Hong Kong Leaders Fund

**(A sub-fund of an open-ended unit trust established
as an umbrella fund under the laws of Hong Kong)**

Interim Report

For the period from 1 January 2017 to 30 June 2017

(Unaudited accounts)

**CSI ALPHA FUND SERIES
- CSI CHINA-HONG KONG LEADERS FUND**

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**CSI ALPHA FUND SERIES
- CSI CHINA-HONG KONG LEADERS FUND**

ADMINISTRATION AND MANAGEMENT

MANAGER

CLSA Alternative Investment Management Limited
(formerly known as "CITIC Securities International
Investment Management (HK) Limited")
26/F CITIC Tower,
1 Tim Mei Avenue,
Central, Hong Kong

TRUSTEE AND REGISTRAR

BOCI-Prudential Trustee Limited
12th Floor & 25th Floor, Citicorp Centre
18 Whitfield Road
Causeway Bay
Hong Kong

LEGAL ADVISERS

Clifford Chance
27th Floor, Jardine House
1 Connaught Place, Central
Hong Kong

AUDITORS

PricewaterhouseCoopers
21/F Edinburgh Tower
15 Queen' Road, Central
Hong Kong

CSI ALPHA FUND SERIES
- CSI CHINA-HONG KONG LEADERS FUND

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)

FOR THE PERIOD FROM 1 JANUARY 2017 TO 30 JUNE 2017

	For the period from 1 January 2017 to 30 June 2017 HK\$	For the period from 1 January 2016 to 30 June 2016 HK\$
INCOME		
Dividend income	5,965,010	7,113,757
Interest income	2,379	2,782
Net realised gains/(losses) on financial assets		
at fair value through profit or loss	59,261,870	(36,039,012)
Net change in unrealised gains on financial assets at fair value through profit or loss	22,965,578	3,513,292
	<u>88,194,837</u>	<u>(25,409,181)</u>
EXPENSES		
Management fee	(4,327,508)	(3,621,176)
Trustee and registrar fee	(314,103)	(269,664)
Custodian fee	(61,509)	(51,592)
Auditors' remuneration	(120,536)	(127,571)
Publishing charges	(6,676)	(7,280)
Commission expenses	(1,103,328)	(442,477)
Handling and transaction fees	(1,084,514)	(490,809)
Exchange losses	(111,453)	(55,000)
Other general expenses	(25,612)	(12,186)
	<u>(7,155,239)</u>	<u>(5,077,755)</u>
PROFIT/ (LOSS) BEFORE TAX	<u>81,039,598</u>	<u>(30,486,936)</u>
Withholding tax expenses	<u>(420,532)</u>	<u>(356,190)</u>
PROFIT/ (LOSS) AFTER TAX AND TOTAL COMPEREHENSIVE INCOME/ (LOSS) FOR THE PERIOD	<u><u>80,619,066</u></u>	<u><u>(30,843,126)</u></u>

CSI ALPHA FUND SERIES
- CSI CHINA-HONG KONG LEADERS FUND

STATEMENT OF FINANCIAL POSITION (UNAUDITED)

FOR THE PERIOD FROM 1 JANUARY 2017 TO 30 JUNE 2017

	30 June 2017 (Unaudited) HK\$	31 December 2016 (Audited) HK\$
ASSETS		
Financial assets at fair value through profit or loss	423,057,455	366,279,585
Amounts due from brokers	25,474,149	19,894,461
Dividends receivable	4,066,914	81,300
Cash at banks	11,357,790	3,757,316
TOTAL CURRENT ASSETS	<u>463,956,308</u>	<u>390,012,662</u>
LIABILITIES		
Financial liabilities at fair value through profit or loss	-	1,200,000
Amounts due to brokers	15,903,328	1,905,392
Management fee payable	747,256	647,240
Trustee and registrar fee payable	53,895	47,625
Withholding tax payable	365,514	-
Other payables	326,123	207,404
TOTAL CURRENT LIABILITIES	<u>17,396,116</u>	<u>4,007,661</u>
EQUITY		
Units in issue	336,533,559	356,597,434
Retained earnings	110,026,633	29,407,567
TOTAL EQUITY	<u>446,560,192</u>	<u>386,005,001</u>
TOTAL LIABILITIES AND EQUITY	<u>463,956,308</u>	<u>390,012,662</u>
NET ASSET VALUE	<u>446,560,192</u>	<u>386,005,001</u>
NUMBER OF UNITS IN ISSUE	<u>30,217,315.068</u>	<u>31,570,363.586</u>
NET ASSET VALUE PER UNIT	<u>14.78</u>	<u>12.23</u>

**CSI ALPHA FUND SERIES
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STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

FOR THE PERIOD FROM 1 JANUARY 2017 TO 30 JUNE 2017

	Number of units outstanding	HK\$
At 1 January 2016	33,998,196.475	408,264,182
Redemption of units	(385,077.279)	(4,239,701)
Total comprehensive loss for the period	<u>-</u>	<u>(30,843,126)</u>
At 30 June 2016	<u>33,613,119.196</u>	<u>373,181,355</u>
At 1 January 2017	31,570,363.586	386,005,001
Issue of units	639,395.937	8,406,939
Redemption of units	(1,992,444.455)	(28,470,814)
Total comprehensive income for the period	<u>-</u>	<u>80,619,066</u>
At 30 June 2017	<u>30,217,315.068</u>	<u>446,560,192</u>

**CSI ALPHA FUND SERIES
- CSI CHINA-HONG KONG LEADERS FUND**

STATEMENT OF CASH FLOWS (UNAUDITED)

FOR THE PERIOD FROM 1 JANUARY 2017 TO 30 JUNE 2017

	For the period from 1 January 2017 to 30 June 2017 HK\$	For the period from 1 January 2016 to 30 June 2016 HK\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/ (loss) before tax	81,039,598	(30,486,936)
Adjustments for:		
Dividend income	(5,965,010)	(7,113,757)
Interest income	(2,379)	(2,782)
	<u>75,072,209</u>	<u>(37,603,475)</u>
(Increase)/ decrease in financial assets at fair value through profit or loss	(56,777,870)	57,282,273
Decrease in financial liabilities at fair value through profit or loss	(1,200,000)	-
Increase in amounts due from brokers	(5,579,688)	(6,177,842)
Increase in amounts due to brokers	13,997,936	-
Increase/ (decrease) in management fee payable	100,016	(95,280)
Increase/ (decrease) in trustee and registrar fee payable	6,270	(6,214)
Increase/ (decrease) in other payables	118,719	(94,449)
Net cash flows generated from operations	<u>25,737,592</u>	<u>13,305,013</u>
Dividend received	1,979,396	3,684,234
Interest received	2,379	2,782
Withholding tax paid	<u>(55,018)</u>	<u>(30,470)</u>
Net cash inflow from operating activities	<u>27,664,349</u>	<u>16,961,559</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds on issue of units	8,406,939	-
Payments on redemption of units	<u>(28,470,814)</u>	<u>(4,239,701)</u>
Net cash flows used in financing activities	<u>(20,063,875)</u>	<u>(4,239,701)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	7,600,474	12,721,858
Cash and cash equivalents at beginning of the period	<u>3,757,316</u>	<u>11,879,002</u>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u><u>11,357,790</u></u>	<u><u>24,600,860</u></u>

**CSI ALPHA FUND SERIES
- CSI CHINA-HONG KONG LEADERS FUND**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 1 JANUARY 2017 TO 30 JUNE 2017

1. THE SUB-FUND

CSI Alpha Fund Series (the "Trust") was constituted as an umbrella unit trust established under the laws of Hong Kong pursuant to a trust deed dated 25 June 2009, supplemented by a supplemental trust deed dated 9 April 2010, supplemented by a second supplemental trust deed dated 4 January 2012, and supplemented by a third supplemental trust deed dated 24 April 2014 and supplemented by a fourth supplemental trust deed dated 19 December 2014 (the "Trust Deed") entered into between CLSA Alternative Investment Management Limited (formerly known "CITIC Securities International Investment Management (HK) Limited") (the "Manager") and BOCI-Prudential Trustee Limited (the "Trustee").

CSI China-Hong Kong Leaders Fund (the "Sub-Fund") was constituted as a separate sub-fund of the Trust on 24 July 2009. The Sub-Fund is an open-ended unit trust and is authorized by the Securities and Futures Commission of Hong Kong under Section 104(1) of the Securities and Futures Ordinance and is required to comply with the Code on Unit Trusts and Mutual Funds established by the Securities and Futures Commission of Hong Kong (the "SFC Code").

The investment objectives of the Sub-Fund is to achieve long-term appreciation of the unit price through capital growth and income appreciation by investing in a diversified portfolio of at least twenty-three blue chip equities, and to a limited extent, ADRs and GDRs, that are listed primarily on Hong Kong Stock Exchange and/or any international securities exchange and/or other recognized securities markets that are open to the international public and on which such securities are regularly traded, subject to the investment restrictions applicable to the Sub-Fund.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The financial statements have been prepared on a historical basis, except for financial assets and financial liabilities held at fair value through profit or loss, that have been measured at fair value. The financial statements are presented in Hong Kong dollars ("HK\$").

The accounting policies and methods of computation used in the preparation of these interim financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2016.

CSI ALPHA FUND SERIES
- CSI CHINA-HONG KONG LEADERS FUND

STATEMENT OF MOVEMENTS IN PORTFOLIO HOLDINGS (UNAUDITED)

FOR THE PERIOD FROM 1 JANUARY 2017 TO 30 JUNE 2017

	At 1 January 2017	Additions	Disposals	At 30 June 2017
<i>Listed equity securities - Hong Kong</i>				
3SBIO INC	948,000	1,246,500	(1,101,500)	1,093,000
ANGANG STEEL CO LTD-H	1,810,000	792,000	(1,810,000)	792,000
ANHUI CONCH CEMENT CO LTD-H	571,500	589,500	(823,000)	338,000
BANK OF CHINA LTD-H	3,860,000	2,375,000	(3,860,000)	2,375,000
BELLE INTL HLDGS LTD	-	2,056,000	(2,056,000)	-
BEST PACIFIC INTL HLDGS LTD	-	1,432,000	-	1,432,000
BOC HONG KONG (HLDGS) LTD	516,500	-	(516,500)	-
CHINA CINDA ASSET MANAGEMENT CO LTD-H	-	5,525,000	(917,000)	4,608,000
CHINA CONSTRUCTION BANK CORP-H	3,007,000	1,774,000	-	4,781,000
CHINA FOODS LTD	3,026,000	692,000	(3,718,000)	-
CHINA LIFE INSURANCE CO LTD-H	772,000	366,000	(496,000)	642,000
CHINA MENGNIU DAIRY CO LTD	815,000	718,000	(815,000)	718,000
CHINA MERCHANTS BANK CO LTD-H	829,000	104,000	-	933,000
CHINA MOBILE LTD	184,500	41,000	(225,500)	-
CHINA MODERN DAIRY HLDGS LTD	4,016,000	-	(4,016,000)	-
CHINA OILFIELD SERVICES LTD-H	1,458,000	2,056,000	(1,622,000)	1,892,000
CHINA OVERSEAS GRAND OCEANS GROUP LTD	-	447,000	(447,000)	-
CHINA PACIFIC INSURANCE (GROUP) CO-H	527,800	232,800	(62,000)	698,600
CHINA PETROLEUM & CHEMICAL CORP-H	-	2,892,000	-	2,892,000
CHINA RESOURCES GAS GROUP LTD	-	606,000	(606,000)	-
CHINA SHENHUA ENERGY CO LTD-H	804,500	134,500	(939,000)	-
CHINA STATE CONSTRUCTION INTL HLDGS LTD	1,748,000	716,000	(1,748,000)	716,000
CHINA SUNTIEN GREEN ENERGY CORP LTD-H	-	4,614,000	(4,614,000)	-
CHINA UNICOM (HONG KONG) LTD	-	1,668,000	(206,000)	1,462,000
CHINA YONGDA AUTOMOBILES SERVICES HLDGS LTD	-	1,309,000	-	1,309,000
CHINA ZHENG TONG AUTO SERVICES HLDGS LTD	-	1,925,500	(1,925,500)	-
CK INFRASTRUCTURE HLDGS LTD	-	137,000	-	137,000
CNOOC LTD	818,000	-	(818,000)	-
COSCO SHIPPING ENERGY TRANSPORTATION CO LTD-H	-	1,852,000	(1,852,000)	-
CSPC PHARMACEUTICAL GROUP LTD	1,170,000	-	(1,170,000)	-
ENN ENERGY HLDGS LTD	-	288,000	(288,000)	-
GUANGZHOU AUTOMOBILE GROUP CO LTD-H	-	792,000	(792,000)	-
HENGAN INTL GROUP CO LTD	-	74,000	-	74,000
HSBC HLDGS PLC	65,200	-	(65,200)	-
HUANENG POWER INTL INC-H	-	1,610,000	(1,610,000)	-
HUANENG RENEWABLES CORP LTD-H	-	4,940,000	-	4,940,000
INDUSTRIAL & COMMERCIAL BK OF CHINA-H	2,619,000	3,913,000	(3,061,000)	3,471,000
INTL HOUSEWARES RETAIL CO LTD	3,406,000	-	(3,406,000)	-
LI NING CO LTD	1,685,500	1,816,000	-	3,501,500
LIVZON PHARMACEUTICAL GROUP INC-H	138,100	-	(138,100)	-
LONKING HLDGS LTD	-	3,636,000	(3,636,000)	-
LUYE PHARMA GROUP LTD	-	2,855,000	-	2,855,000
MINTH GROUP LTD	492,000	108,000	(148,000)	452,000
NAMESON HLDGS LTD	2,944,000	-	(2,944,000)	-
NINE DRAGONS PAPER HLDGS LTD	-	655,000	-	655,000
ORIENT OVERSEAS INTL LTD	273,500	-	(273,500)	-
PACIFIC TEXTILES HLDGS LTD	138,000	-	(138,000)	-
PING AN INSURANCE GROUP CO OF CHINA LTD-H	231,000	50,000	(30,000)	251,000
QINHUANGDAO PORT CO LTD-H	-	974,500	(974,500)	-
SAMSONITE INTL SA	-	630,000	(272,100)	357,900
SINO BIOPHARMACEUTICAL LTD	1,177,000	-	(1,177,000)	-
SINOPEC ENGINEERING (GROUP) CO LTD-H	-	2,243,000	(422,000)	1,821,000
SINOTRANS LTD-H	-	3,139,000	-	3,139,000
SKYWORTH DIGITAL HLDGS LTD	-	2,900,000	-	2,900,000
STELLA INTL HLDGS LTD	227,500	519,500	(747,000)	-
SUNNY OPTICAL TECHNOLOGY GROUP CO LTD	-	103,000	(103,000)	-
TENCENT HLDGS LTD	72,800	66,700	(38,400)	101,100
TK GROUP HLDGS LTD	-	1,762,000	(1,762,000)	-
WEICHAJ POWER CO LTD-H	-	350,000	(350,000)	-
WEST CHINA CEMENT LTD	11,116,000	1,910,000	(13,026,000)	-
YANZHOU COAL MINING CO LTD-H	-	1,422,000	(1,422,000)	-
YASHILI INTL HLDGS LTD	-	2,551,000	(2,551,000)	-
YIHAI INTL HLDG LTD	-	611,000	(611,000)	-
ZHOU HEI YA INTL HLDGS CO LTD	-	1,154,500	-	1,154,500
ZOOMLION HEAVY INDUSTRY SCIENCE AND TECHNOLOGY CO LTD-H	2,380,800	-	(2,380,800)	-
ZTE CORP-H	-	152,800	(152,800)	-
<i>Listed equity securities - United States</i>				
ALIBABA GROUP HLDG LTD-SPONSORED ADR	15,963	5,400	(21,363)	-
JD.COM INC-ADR	33,400	8,200	(41,600)	-
NEW ORIENTAL EDUCATION & TECHNOLOGY-ADR	18,000	5,500	(23,500)	-
WEIBO CORP-SPONSORED ADR	21,800	5,800	(27,600)	-

CSI ALPHA FUND SERIES
- CSI CHINA-HONG KONG LEADERS FUND

PERFORMANCE TABLE (UNAUDITED)

FOR THE PERIOD FROM 1 JANUARY 2017 TO 30 JUNE 2017

Net Asset Value

	Net asset value per unit HK\$	Total net asset value HK\$
As at 30 June 2017	<u>14.78</u>	<u>446,560,192</u>
As at 31 December 2016	<u>12.23</u>	<u>386,005,001</u>

Highest issue price and lowest redemption price per unit

	Highest issue price per unit HK\$	Lowest redemption price per unit HK\$
Period from 1 January 2017 to 30 June 2017	<u>14.93</u>	<u>12.26</u>
Year ended 31 December 2016	<u>12.89</u>	<u>9.62</u>

**CSI ALPHA FUND SERIES
- CSI CHINA-HONG KONG LEADERS FUND**

INVESTMENT PORTFOLIO (UNAUDITED)

FOR THE PERIOD FROM 1 JANUARY 2017 TO 30 JUNE 2017

	Nominal value/ holdings	Fair value HK\$	% of NAV
<i>Listed securities</i>			
<i>Hong Kong</i>			
<i>Equities</i>			
3SBIO INC	1,093,000	11,323,480	2.54%
ANGANG STEEL CO LTD-H	792,000	4,609,440	1.03%
ANHUI CONCH CEMENT CO LTD-H	338,000	9,176,700	2.05%
BANK OF CHINA LTD-H	2,375,000	9,096,250	2.04%
BEST PACIFIC INTL HLDGS LTD	1,432,000	10,024,000	2.24%
CHINA CINDA ASSET MANAGEMENT CO LTD-H	4,608,000	13,409,280	3.00%
CHINA CONSTRUCTION BANK CORP-H	4,781,000	28,925,050	6.48%
CHINA LIFE INSURANCE CO LTD-H	642,000	15,311,700	3.43%
CHINA MENGNIU DAIRY CO LTD	718,000	10,985,400	2.46%
CHINA MERCHANTS BANK CO LTD-H	933,000	21,972,150	4.92%
CHINA OILFIELD SERVICES LTD-H	1,892,000	11,843,920	2.65%
CHINA PACIFIC INSURANCE (GROUP) CO-H	698,600	22,285,340	4.99%
CHINA PETROLEUM & CHEMICAL CORP-H	2,892,000	17,612,280	3.94%
CHINA STATE CONSTRUCTION INTL HLDGS LTD	716,000	9,565,760	2.14%
CHINA UNICOM (HONG KONG) LTD	1,462,000	16,959,200	3.80%
CHINA YONGDA AUTOMOBILES SERVICES HLDGS LTD	1,309,000	10,406,550	2.33%
CK INFRASTRUCTURE HLDGS LTD	137,000	8,987,200	2.01%
HENGAN INTL GROUP CO LTD	74,000	4,262,400	0.95%
HUANENG RENEWABLES CORP LTD-H	4,940,000	11,905,400	2.67%
INDUSTRIAL & COMMERCIAL BK OF CHINA-H	3,471,000	18,292,170	4.10%
LI NING CO LTD	3,501,500	20,798,910	4.66%
LUYE PHARMA GROUP LTD	2,855,000	12,219,400	2.74%
MINTH GROUP LTD	452,000	14,961,200	3.35%
NINE DRAGONS PAPER HLDGS LTD	655,000	6,812,000	1.53%
PING AN INSURANCE GROUP CO OF CHINA LTD-H	251,000	12,913,950	2.89%
SAMSONITE INTL SA	357,900	11,667,540	2.61%
SINOPEC ENGINEERING (GROUP) CO LTD-H	1,821,000	12,819,840	2.87%
SINOTRANS LTD-H	3,139,000	12,556,000	2.81%
SKYWORTH DIGITAL HLDGS LTD	2,900,000	14,065,000	3.15%
TENCENT HLDGS LTD	101,100	28,227,120	6.32%
ZHOU HEI YA INTL HLDGS CO LTD	1,154,500	9,062,825	2.03%
		<u>423,057,455</u>	<u>94.73%</u>
TOTAL INVESTMENTS, AT FAIR VALUE		<u>423,057,455</u>	<u>94.73%</u>
OTHER NET ASSETS		<u>23,502,737</u>	<u>5.27%</u>
TOTAL NET ASSETS		<u>446,560,192</u>	<u>100.00%</u>
TOTAL INVESTMENTS, AT COST		<u>390,381,408</u>	